

Marketing Management design of the organizational demand in promoting competitiveness and prosperity of decomposition

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Abstract

The authors of this paper analyzed the marketing management and design of the organizational demand for improving the competitiveness and prosperity of decomposition from two aspects. First, what is the highest possible level of demand for all products in which a certain amount of time is achieved? The answer can be found looking at the potential of the market intended for that product, the impact of design and marketing conditions in the external environment. Second, what level of sales can be expected, as a real indicator and its realization, with the special consideration which will have external factors and efforts in achieving marketing design. The authors of this paper will give details and explain the answer to this question, through assessment in improving the competitiveness and economic assessment of subjects for future sales. However, such an analysis and assessment of competitiveness will be processed through an open partnership which will indicate how

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sustainable development is achieved, which is the level of marketing efforts and the investment firms in future sales.

The authors determined the inter mediaries indicators and drivers of organizational demand through the competitive environment, where exports is seen as a diagnostic tool and driver, and as a future dimension of competitiveness, putting emphasis on domestic innovation, exports, imports, domestic investment, where productivity depends on three factors: the inherited wealth; the macroeconomic competitiveness and the microeconomic capability of business entities.

Keywords: *organizational demand, competitiveness, indicators, factors, sale.*

Introduction

Marketing faces with a lot of difficult tasks, which consists of predicting market responses to organizational buyers. The efficiency and effectiveness of marketing i.e. the program lies in the ability of the manager to define the model of organizational demand, and to provide specific sales levels. Therefore, accurate projections of market potential and future sales are among some of the most important and most challenging dimensions in the analysis of organizational demand to improve the competitiveness and decomposed procedures. For successful implementation of marketing - strategy, business marketing - manager must assess potential market for the products of the company. Accurate and timely forecasts allow the manager to allocate scarce resources to those segments of consumer products and areas that offer the greatest profit. Assessment of potential market also provides managers with standards for assessing competitiveness in targeted products and markets. In the opinion and suggestions of William Barent, such thing is not possible - "Without forecasting the overall market demand for investment decisions, marketing support and other resources

allocation would be based on hidden negligent assumptions for industrial needs, and therefore they often would be wrong.”¹ Also, the design of sales is vital to marketing - management. These forecasts represent the judgment of the management of the company for the possible level of sales that will be realized, taking into account the degree and type of marketing - the effort that would be required. Accordingly, we claim that any decision to marketers is based on assessment, regardless formal or informal.

The analysis of the design and organizational demand is composed of, forecasting sales and forecast of the potential market, and in the process of planning and control. First, attention is directed to how marketing - manager can use the design of new information and communication technologies to collect important information to support decision making. Second, the nature and purpose of the two types of predictions must be reviewed and clearly defined.

Marketing Management design and promotion of research on demand

The development and implementation of marketing design through painful research studies, or collected from existing publications, information have the same goal, to support business decisions. Secondary information collected and published by government agencies, associations or independent research companies, providing valuable and beneficial start for building the knowledge market. Many external sources of information show that it is important to mention the data that present the competitive and external environment of the company and their prosperity in the regional and global same

¹William F. Barnet, “Four steps to forecast total market demand”, *Harvard Business Review*, 66, July-August, 1988.

circuit. Today, the Internet provides many attached information of almost any source for marketing applications. We are aware of the fact that there are thousands of sources on the web, and almost every aspect of marketing is covered in them: information on competitiveness, client data, and technological and political trends legal data. Besides these features, very important for secondary information on the internet is that they are much fresher and proactive of any publications published in hard-copy. In addition to these advantages, we would mention the possibility of collecting primary data through the Internet and with the help of various surveys through email or web - pages. The number and amount of published information on the Internet for business marketers, day by day develops fast in the direction of the updated data, seven days a week, and all for a period of a few seconds. However, because the Internet has an abundance of such data does not mean that all of them are necessarily good, because the person who makes the final decision must carefully consider their quality and value, how they were collected, which provided it and for which purpose they were collected.

The use of the Internet in marketing management, its design essentially requires rational Internet usage, its advantages and access to almost all economic parameters in advanced economies need be up to date with technological trends, to analyze competitive strategies and exploit global market opportunities. The most common task is attending the competition website that may contain useful information on production lines, channel strategy, and cost planning. However, sensitive data, which is of primary importance, the company usually reserves for its clients, who can log on with a username, which prevents leakage of important information to the Competition. Business - owners use the Internet to collect basic data which are mainly common information about perceptions of consumers, their habits and desires, and everything else that is not available through

secondary sources, such as the community of consumers, which shape the ideas about the issuance of product evaluation of the performance and so on. Darren Neuss shows the effectiveness of using the Internet for business-to-business (B2B) research².

Web-based surveys offer us greater opportunities for success; they include invitations, sent as e-mail, or advertised in the banner when visiting websites. The potential for conducting online surveys is very evocative - it can be relatively cheap and fast, and virtually anyone with a modem and software for web - development could be administered. However, the temptation to include, without exploring the methodological challenges of this new medium, resulted in a lot of bad polls - conducted not only by teenagers but also from other reputable research organizations. It is important to consider the prior, because poorly designed online surveys affect all of us, and especially can make the managers leery in reference to new market opportunities.

The online surveys can be effective for gathering information easily, quickly and inexpensively. In addition, a diverse group of people can be drawn immediately; their responses can easily be sorted out and excluded all kinds of errors in data entry. However, the main problem is that if the questionnaire was placed on the website, you cannot control what people respond, so to solve this problem, many companies often do online panels where customers are selected randomly. According to previously mentioned, we can conclude that the use of online surveys is a challenge, and therefore business - managers must carefully use. What is certain, according to

² Darren Noyce, "EB2B Analysis of business to business e-commerce and how research can adapt to meet future challenges", *International Journal of Market Research* 44, no.1, 2002.

experts, is the fact that the Internet-based research in the near future will replace email surveys and telephone interviews.³

Planning and control of marketing management design as market potential

According to Bob Lamons, the market potential is the maximum possible sale of a product in a defined market at the right time⁴. Max product sales opportunities from an individual company known as sales potential, i.e. it is the maximum separation of the market potential that can achieve an individual company, for a specific product or product line⁵. The following example may clarify the nature of the said potentials. Let's imagine that the producers of metals and other parts, produced shipments worth 2 billion dollars this year. We wonder what level of market potential can be expected for the industry over the next year. Based on the commercial activity, the total value of the industry for the next period would increase by 20%. To take another example, a company that wants to implement new telecom services for businesses. The question is what are the market opportunities in this case? We come to the conclusion that the market potential of the total demand is, in fact, the basis for the planning process. Three groups of stakeholders are expressed in seeking to predict demand: first, the design and Implementation teams, second, marketing and advertising teams and third, external entities as potential investors, government regulators, and distributors. In the area of marketing, there are several questions that must be answered before you launch the service,

³ Bob Lamons "Eureka! Future of B-B research is online", *Marketing News*, September 24, 2001.

⁴ William E. Cox, Jr and George N. Havens "Determinations of sales potentials and performance for an industrial goods manufacturer", *Journal of Marketing Research*, 14 November, 1997.

⁵ Francis E. Hummel, *Market and sales potential*, Ronald Press Co New York 1961. 12.

depending on demand: First, where should the sales points be located? Second, how many places are needed to cover the targeted market? Third, how much sales levels should be expected from any place? Such issues are important for assessing demand, whereby projected earnings and profits over the cash, which in turn is important to decide on loan requirements.⁶ In short, without the knowledge of the market potential, marketing directors could not be able to develop a good strategy and make wise decisions about the allocation of resources.

Planning and segment control and design of organizational demand

The term segment refers to a set of current and potential customers who share some similar features and it is helpful for explaining and predicting how they would react to consumer marketing strategy. The moment when the sales potential is defined for each segment separately, the manager can allocate costs based on the size of the segment. Spending large amounts of money on advertising and personal selling has an almost minimal contribution to those segments where market opportunities are low. Such costs, as proven through practice must be based on two types of potential and the level of competitiveness. Actual sales in each segment could be compared to the potential sales, taking into account the existing competition, in order to evaluate the effectiveness of a complete marketing program.

Potential lifecycle and design of organizational demand

⁶ Peter McBurnev et al., "Forecasting market demand for new telecommunications service: an introduction", *Telematics and Informatics*, 19, 2002.

Market potential is crucial in decision making, whether the new product to be released or not the market. The very size of the market proved to be one of the most important factors in such commissioning of new products. Therefore, David Kendall and Michael French proposed the concept so-called life cycle of market potential as an effective way to analyze the size of the market for new industrial products.⁷ They define such life cycle of market potential as "the largest volume of accepted products, which eventually took place in a particular market, throughout the life cycle of the product, which in turn is defined under expected conditions in the environment and the expected effects of marketing actions in the industry." Measuring life cycle is useful because it provides real limits on the total sales for a period of usability of the product, and it is possible to make reasonable estimates of its value. The life cycle of the market potential is useful because the assessment of total annual sales of generic classes of products based on the number of customers and their use of the product, due to the reduction of such an assessment based on the concept of tests with potential customers. Then, the total sales in the life cycle can be measured by assessing reprise sales and duration. And in this case, such a potential total life cycle serves as a comparison when deciding whether a new product should be introduced or not. Therefore, the evidence of the potential of the market and sales are crucial in marketing planning and control. Therefore, tremendous care and attention needed to be paid to the estimates of the two potentials, for which the manager must have excellent knowledge of techniques for accurate estimates.

⁷ David L. Kendall, Michael, T. French, "Forecasting the potential for new industrial products", *Industrial Marketing Management*, 20, no.3, 1991.

The role of the sales potential, development component design

A second important component in the analysis of organizational demand is to forecast sales. Such prediction is answering the question: What level of sales can be expected next year, with some effort on marketing - team? The moment when the potentials are defined, the business marketing manager can allocate resources across many elements of marketing - mix. But first we have to mention that first, we define marketing strategy, and then estimate future sales. Lately, a characteristic of many companies is that they use the forecasts as a tool for defining the costs and their level.

The sale estimate is one that shows the best assessment company made the realizable profit from already given marketing strategy. And thus we can conclude that the sales assessment provides the manager with important information and indications for proper allocation of resources and excellent performance⁸

Market potential and sales assessment in designing competitiveness with organizational demand

Assessment of market potential and that of sales complement each other in marketing process planning. The assessment of the market potential is vital to forecast sales: They provide direction in which the company should take advantage of opportunities, and thus predictions of sales generated in the moment define the resources required for each of these opportunities. Estimates of the market potential are used to determine where it should be focused the attention of the company, as well as relative levels of costs that should be added to every opportunity. Forecasts of sales though, contrast, provide direction for short strokes, tactical decisions and determining the quarterly performance.

Pointing to the main indicators, the assessment of actual sales for next year it helps management in planning, evaluating purchase requirements, deploying the transportation, manpower, capital resources and defining the short-term costs of promotion and advertising. Therefore, two of the five-year projections of sales should be based on the analysis of the market potential for assisting in determining the capital requirement, and the strategy for distribution channels and structure. Basically, the market potential shows the general direction that the company would victorious, according to market and product opportunities and to allocate the available budget to these opportunities. A forecast for sale clarifies the duration of short-term tactical and long-term capital expenditure spending.⁸

Defining the market and sales potential of organizational demand

Secondary data, whether the product is new or already existing, the number of potential customers and internal company information, play an important role in assessing the potential. As for the market potential, its assessment requires analysis of several variables that relate or cause aggregate demand for the product. Of paramount importance is to find the best measures for these variables in order the potential to be accurately measured. Following the statistical and survey methods can measure market and sales potential. Statistical methods represent the close correlation between the level of demand for the product and a statistical set composed of a number of needed workers and the value they add to the production. Thus, it is clear that the demand for a particular product can be designed indirectly through updating the statistical set. First, the manager

⁸ Douglas C. West, "Advertising budgeting and sales forecasting", *International Journal of Advertising*, no.1, 1995.

must identify potential industries that use or could use the product. Second, the measure of economic activity is defined for any current or potential customer that is used to represent the relative volume of sales for each industry.

The number of employees in production is often taken as a statistical method that represents the potential demand. For example, Dell uses the number of employees as a statistical series in estimating market potential products in the information technology and in certain segments, such as financial services. The definition of annual IT costs of these organizations for the total number of employees in this sector, allowing assessment of "IT procurement per employee." Other statistical series that business managers use is equipment cost, materials consumed, the total value of transport and the total number of employees. Using the single method of series calculates market potential based on secondary data which reflect the relative purchasing power of markets. To use this calculation, management must have adequate knowledge of more indicators and groups who are potential users of the product. A few things about how this method can help in the analysis of market potential are listed below. Estimates of the absolute market potential is defined with statistical series goes in the following order: First, the statistical series that are related to the demand for your product are selected, Second, each targeted NAICS industry, define relationships between series with the demand for the product whose potential is estimated, third, the statistical series and their relation to the demand for the desired time frame are forecasted, fourth, the market potential demand and future values of the statistical series are determined by comparing. To define the market potential using statistical series, the analyzer must first determine which statistical series are suitable for the demand of the product. In most cases, the demand for some products may be related to the number of workers in manufacturing.

There are two types of criteria for the selection of statistical series, as follows: First, the data series must be available and secondly, future estimates of the series should be easier to predict the demand for the product. The moment when the relationship between the demand and the series has documented, management estimates future values of the series in two ways: First, the independent prediction of expected values, secondly, using their estimated growth estimates or with reference to the estimates given by the government, associations or private research firms. The point must be designed in advance series so that the future market potential could be derived by multiplying factor demand with estimated future values of the series.⁹

Defining the market potential and design demand

Strategists must be sure that the potential is calculated for all relevant market segments. For the planning and control, assessment of market potential could be needed for different consumer segments, industry groups, territories and distribution channels. Therefore, the effectiveness of an individual serial method I assets of the market potential depends on how well the demand represents the qualities of the data used, the ability to estimate the future values of the series and the frequency due to the average value. For new products, unique things and rarely used components, this approach is wrong because of limited data.

⁹ Stanlev F. Slater, John C. Narver, "Intelligence generation and superior customer value", *Journal of the Academy of Marketing Science*, December, 2000.

Market Research

In order to avoid the problems embedded in the historical statistical data, companies can use market surveys in order to gather first-hand information about future intentions of consumers. Businesses that are committed to the market also use so-called focus groups and high techniques as visiting customers to understand their needs and the environment in which they live. The well-designed business-marketing study covers more respondents from each consumer organization. The central focus is then identifying individuals, usually the most influential, who will participate in the decision to purchase. To identify the entire range of these influential, used a technique called, snowball.

Poll method is very favorable in the assessment of the market potential of new products. Surveys can gather data on whether certain organizations are in the market for new products, their intentions and needs and the main influences purchasing. Surveys are also useful in defining the potential of the product used by specific industry groups, companies in the same industry with the greatest potential and the relative importance of each industry group in total sales. One advantage of the surveys is that data can be collected according to the characteristics of potential customers and directly related to the answers the performance of the product. Such information enables the seller to find new market segments that are the most attractive product and to take over the defined strategies. A full analysis of the market ensures that first, the markets are too closely concentrated; second, there is a direct sales contact and third, orders have a relatively high value.¹⁰

As already mentioned, the survey method is most useful in estimating market potential in new products, particularly in obtaining estimates by objective facts and opinions. In addition,

¹⁰ William E. Cox, Jr, *Industrial Marketing Research*, Wiley, New York: 1979.

the surveys can target specific industries that represent the greatest potential for new or existing products. Sure, they have disadvantages or limitations: unrepresentative samples might misuse research or the wrong person could fill the policy. As the greatest difficulty raises the question of who to contact? Researchers must make an effort to select the best data sources. The marketing manager must take care of any problems that occurred in the collection of data and ensure that the survey design is best for generating realistic and accurate results.

The selection of the art sales forecast depends on many factors such as the desired period of assessment, the intention, the availability of data, the level of expertise of the company and the nature of the product.

The forecast is the main component in the decision-making. Because the entire budget of the company depends on how many units are sold, the assessment of sales often loosely defined as components of the company's capital and the cost of equipment and advertising. The accurate assessment provides good cash flow, more efficient management, improved distribution of the product and minimizes the risk in terms of unnecessary costs and coverage of market demand.¹¹ Due to estimates of future sales relating to many activities they often require different types of projections. For example, the five-year forecast for the increase in the computer industry requires a detailed and sophisticated analysis that includes a number of economic factors. There are still companies that use so-called early-warning system that would alert for possible changes in market demand for their products. However, forecasting, as many business activities lately migrated online. Electronic forecasting is still in its beginning, and like any other electronic activity, and it will have

¹¹ Kostas Nikolopoulos et al., "A first approach to e-forecasting: a survey of forecasting Web services", *Information Management & Computer Security*, Vol. 11 Issue 3, July 2003.

to face disadvantages and threats as protective factors the speed of delivery and limitations of web programming. But with the hope for their future solution, experts give five categories of internet services that make the forecast available for managers: First, prognosticating online services - by uploading data from the company, the manager can see the submitted forecasts; second, prognosticating software with Web-accessible modules; third, offline prognosticating services - manager attach the data, but the prognosis is going offline.

Forecasting sales management methods and design of organizational demand

There are two primary approaches for forecast sales: qualitative and quantitative. Qualitative techniques are called management decisions or subjective techniques. Selling powers, the enforcement of the highest level or distributors usually give their own knowledge and opinion on the economy, the market, and consumers, in order to create qualitative demand. The techniques for qualitative analysis include a method of binding judgment, the method of the sales force and Delphi's method.¹² The effectiveness of this group of techniques depends on the close relationship between consumers and suppliers that are typical in the industrial market. As a group is important for the evaluation of new products or technologies, where historical data exist.

In most companies, managing method has been greatly used because of ease of use and understanding. This method works so that the managers of each department in the company come together to show their collective experience, expertise, and opinions about prognosis. As the limitations of this method are

¹² Stewart A. Washburn, "Don't Let Sales Forecasting Spook You," *Sales and Marketing Management* 140, September 1988.

that it did not elaborate in detail the links between cause-effect (result), then there is no defined assessment formula, and only what is taken into account are the opinions of managers. Despite shortcomings, this method is the only alternative in cases where there is no historical data. Mark Moriathri and Arthur Adams suggest that this method gives accurate predictions when the first forecasts are made often; second, the environment is stable and thirdly, the relationship between decision and action feedback loop is short.

Rational thinking that supports this method is that vendors can effectively forecast future sales because they know the market, customers, and competition. This method was developed by a combination of sales estimates from all groups of vendors, which in turn are equipped with a wealth of information for the consumer, and based thereon carry its decision. The advantage of this technique is the ability to display knowledge about markets and consumers, and its proper use, and manage the technique with minimal costs.

Delphi method

In this approach, the opinions of all the experts for future sales are converted into information consensus with a highly structured feedback mechanism. As the executive decision, there is a panel of managers, who remain anonymous. In the first round the opinions on some future events should be written, and then such data should become available to all creating a feedback between the groups. Through overall steps, members tell their personal assessments according to the data obtained from this round. Such opinions are kept anonymous to avoid the problem of defending a position or "me too" answer and eventually makes a consensus. The number of experts ranges from 6 to 100, depending on the organization of the process or intention.

Delphi application

Delphi technique is usually used for long-term forecasts and is primarily suitable for running the following: 1) forecast for new products 2) evaluation of future events where historical data is limited, and 3) situations that are not intended for quantitative techniques. When the market for a new product is not well defined or when the concept of the product is unique, then the best option is a Delphi technique which helps in efficient estimates. The problems faced by this approach are similar to those in other qualitative approaches: almost impossible to find a totally independent panel of managers - experts who would give only their own opinion.

Quantitative Techniques

Quantitative prediction, also known as systematic and objective, offers two primary methodologies: 1) time series and 2) regression or reason. The first methodology uses historical data to present trends and the growth rate of sales. But first, all possible models that affect the selling series must be considered. Such time series may include trends, seasonal, cyclical and irregular patterns. The moment the effect of each individual will be removed, the analyzer can design the expected futures for each model. Time series are most useful for short-term estimates, because of the opinion that the future will be like the past, is more likely for the near future, in the short term than in the distant time.¹³

Regression or reason, on the other hand, identified factors that influence the past and includes the mathematical model. Sales are represented mathematically as a function of all the things that affect. The assessment is carried out in such a way that the

¹³Robert J. Thomas, "Method and situational factors in sales forecast accuracy". *Journal of Forecasting*, 1993, DOI: 10.1002/for.3980120107

projected values of all factors in the model then inserted into the regression equation and solve the expected sales.

Normally, this approach is more realistic for the environment, rather than long-term estimates, because it is difficult to assess the factors in the distant future. A recent study shows that the methods of assessment are best to use based on the behavior of the market, rather than the time horizon. This research indicates that when markets are sensitive to changes in the market and in the middle, causal methods work best, whether the assessment is on a short or long level.

Conclusion

Marketing management, design, promotion of competitiveness defines market potential and forecast sales as the two most important dimensions in the analysis of organizational demand. Each of them is important for planning and control. Knowledge of the market potential allows the manager to face the market opportunities and to allocate resources to productive and consumer segments that offer the greatest profit. Forecast sales, assessment of the company for the expected sales levels through marketing plan - it forced the manager to think twice and to take into account multiple strategies before performing the allocation. For the analysis of market potential and competitive strategies are a multitude of information available to managers online.

Methods for defining market potential estimates fall into two groups. First, methods of statistical series and second, market surveys. The manager must know the strengths and weaknesses of each of them, to be able to use in a particular situation. Techniques forecast available to the marketer are: qualitative and quantitative. Qualitative techniques relating to informed judgments about future sales that include executable judgment composite sales force and Delphi's method. Quantitative techniques include time series and causal approaches. The

method of time series used chronological historical data to design future trends and rates of sales growth. Causal methods, try to identify the factors that influenced the past sales and inserted them into a mathematical model. A computer is a valuable tool, which elaborates the process of forecasting of all methods. The need for forecasting is to effectively combine the predictions obtained with different methods. The process of selling estimate is "challenging and requires a good working experience and knowledge of all available alternatives and possible solutions for the successful operation of businesses.

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